

Message Text

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ACTION AGRE-00

INFO OCT-01 EUR-12 ISO-00 EB-08 AID-05 ARA-14 COME-00

STR-07 TRSE-00 PA-02 ICA-20 OMB-01 IO-14 /084 W

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R 211501Z JUN 78

FM AMEMBASSY DUBLIN

TO SECSTATE WASHDC 0690

UNCLAS SECTION 01 OF 02 DUBLIN 01942

PASS AGRICULTURE ELECTRONICALLY

E.O. 11652:N/A

TAGS: EAGR ETRD EI

SUBJECT: IRISH DAIRY BOARD PROTEST AT US NFDM CONCESSIONAL

- SALE TO MEXICO

REF: (A) TOFAS 34, (B) FASTO 16, (C) TOFAS 53, (D) DUBLIN1935

1. TEXT OF SUBJECT PROTEST IS CONTAINED IN REF(C).
2. RELEVANT EXTRACTS OF BOARD'S NEWS CONFERENCE REPORTED IN TWO LEADING IRISH DAILY PAPERS ON JUNE 20 ARE SUMMARIZED AS FOLLOWS.
3. UNDER HEADLINE "BORD BAINNE IRKED BY U.S. SKIM MILK POWDER DEAL", "IRISH INDEPENDENT" REPORTS AS FOLLOWS.
QUOTE:

BORD BAINNE HAS PROTESTED TO THE U.S. GOVERNMENT AND THE EEC COMMISSION ABOUT A MAJOR SKIM MILK POWDER DEAL BETWEEN THE U.S. AND MEXICO WHICH WENT THROUGH UNDER THE GUISE OF FOOD AID BUT WHICH, IN FACT, IS A HEAVILY SUBSIDISED COMMERCIAL TRANSACTION UNDERMINING THE MARKET FOR OTHER EXPORTERS.

BORDBAINNE MANAGING DIRECTOR, MR BRIAN JOYCE, AT A NEWS CONFERENCE IN DUBLIN YESTERDAY, AFTER A HIGHLY SUCCESSFUL SALES
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TRIP TO SOUTH AMERICA, DISCLOSED THAT THE U.S.-MEXICO DEAL WAS FOR 30,000 TONS OF SKIM MILK POWDER AT A PRICE 100 STERLING POUNDS PER TON BELOW THE BEST BORD BAINNE CAN OFFER.

"THE U.S. ALWAYS HAS ADOPTED A 'HOLIER THAN THOU' ATTITUDE ON THE QUESTION OF DAIRY EXPORTS SUBSIDIES. THEY CLAIM THEY NEVER SUBSIDISE SUCH EXPORTS. BUT OUR INFORMATION IS THAT THIS WAS

DEFINITELY NOT A FOOD AID TRANSACTION - IT WAS A COMMERCIAL DEAL INVOLVING FRESHLY MANUFACTURED SKIM MILK POWDER" MR JOYCE SAID. HE ADDED THAT THE U.S. GOVERNMENT HAD A STOCKPILE OF MILK POWDER ON THEIR HANDS AND THIS WAS ONE OF THE WAYS THEY HAD OF GETTING RID OF IT, BUT THEY HAD NEVER SET UP ALL THE DIFFERENT TYPES OF SCHEMES IN OPERATION IN EEC COUNTRIES AIMED AT BOOSTING CONSUMPTION OF SKIM MILKPOWDER.

"THERE IS NO DOUBT THAT WE COULD HAVE GOT SOME OF THAT 30,000 TON BUSINESS FOR IRELAND IF THE CHEAP DEAL HAD NOT BEEN DONE" HE ADDED.

"I FIND IT AGGRAVATING THAT THERE SHOULD BE AN ATTEMPT TO DISGUISE A COMMERCIAL OPERATION AS A SOCIAL PROGRAMME, AND I HAVE SAID THIS IN MY PROTEST NOTE TO THE U.S. EMBASSY, AND ALSO IN MY REPORT TO THE EEC COMMISSION", HE SAID.

MR JOYCE ANNOUNCED THAT DAIRY EXPORT CONTRACTS WORTH 22.5 MILLION STERLING POUNDS HAD BEEN CLINCHED WITH MEXICO, BRAZIL AND VENEZUELA DURING HIS 14 DAYS IN SOUTH AMERICA, REPRESENTING NEARLY 20 PERCENT OF IRELAND'S ANNUAL SKIM MILK POWDER PRODUCTION.

THE BUSINESS INCLUDES THE SALE OF 1.5 MILLION STERLING POUNDS WORTH OF SKIM MILK POWDER TO VENEZUELA, 6 MILLION STERLING POUNDS WORTH OF POWDER TO BRAZIL, AND 15 MILLION STERLING POUNDS TO MEXICO. END QUOTE.

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4. UNDER THE "IRISH PRESS'S" MORE SNAPPY HEADLINE QUOTE BORD BAINNE CHIEF SLAMS' HYPOCRISY' OF U.S. MILK DEAL UNQUOTE, THE PAPER REPORTS:

QUOTE:

THE MANAGING DIRECTOR OF BORD BAINNE, MR BRIAN JOYCE, YESTERDAY PROTESTED TO THE AMERICAN EMBASSY FOR THE SECOND TIME IN THREE MONTHS, OVER SUBSIDIES PAID BY THE UNITED STATES GOVERNMENT ON SKIM MILK POWDER SOLD TO MEXICO.

MR JOYCE SAID THAT ORIGINALLY IT HAD BEEN STATED THAT THE CONSIGNMENT OF 30,000 TONNES OF SKIM POWDER WAS GOING TO MEXICO FROM THE STATES AS PART OF A "FOOD AID" PROGRAMME - THUS IT WOULD NOT BE COMPETING DIRECTLY ON THE COMMERCIAL MARKET AND WOULD BE ELIGIBLE FOR SUBSIDY.

BUT THE BOARD HAD SUBSEQUENTLY DISCOVERED THAT THE POWDER HAD BEEN THE SUBJECT OF A STRAIGHT COMMERCIAL DEAL, WORTH 6 MILLION STERLING POUNDS TO THE STATES, AND SUBSIDISED BY THE GOVERNMENT THERE. IF THERE HAD BEEN NO SUBSIDY IRELAND COULD REASONABLY HAVE HOPED FOR THE CONTRACT TO SUPPLY AT LEAST A SHARE OF THAT

30,000 - WORTH 8 MILLION STERLING POUNDS AT EEC PRICES.

MR JOYCE SAID HE HAD OBJECTED TO THE U.S. SUBSIDY BECAUSE THE AMERICAN GOVERNMENT CONSISTENTLY MAINTAINED A "HOLIER THAN THOU" ATTITUDE TO SUBSIDISATION ON FOREIGN TRADE, CRITICISING THE EEC FOR THIS PRACTICE AND CLAIMING THAT IT WOULD NOT GET INVOLVED IN GIVING SUBSIDIES ITSELF.

MRJOYCE SAID HE WAS CRITICISING THE HYPOCRISY OF THE UNITED STATES. THE AMERICAN GOVERNMENT COULD NOT HAVE IT BOTH WAYS. EITHER THEY WERE IN FAVOUR OF SUBSIDIES, OR THEY WERE OPPOSED TO THEM.

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HE ADMITTED, HOWEVER, THAT THIS WAS PROBABLY THE ONLY INCIDENCE OF THE STATES GIVING SUCH AID. "I HOPE IT WAS, WE DON'T KNOW OF ANY OTHER OCCASION ON WHICH THEY HAVE DONE IT. END QUOTE.RENDAHL

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